

NEW HANOVER TOWNSHIP

FINANCIAL STATEMENTS

&

OTHER INFORMATION

Year Ended December 31, 2017

Barbara Atkins
certified public accountant
relationships. service. integrity

NEW HANOVER TOWNSHIP

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT.....	2 - 3
BASIC FINANCIAL STATEMENTS	
Statement of Net Position - Modified Cash Basis.....	4
Statement of Activities - Modified Cash Basis.....	5 - 6
Balance Sheet - Modified Cash Basis - Governmental Funds.....	7 - 8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds.....	9 - 10
Statement of Net Position - Modified Cash Basis - Proprietary Fund.....	11
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis - Proprietary Fund.....	12
Statement of Cash Flows - Modified Cash Basis - Proprietary Fund.....	13
Statement of Net Position - Modified Cash Basis - Fiduciary Funds.....	14
Statement of Changes in Net Position - Modified Cash Basis - Fiduciary Funds.....	15
Notes to Financial Statements.....	16 - 25
OTHER INFORMATION	
Budgetary Comparison Schedule for the General Fund - Modified Cash Basis.....	26
Pension Plans Schedules of Funding Progress & Employer Contributions.....	27



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
New Hanover Township, Pennsylvania

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of New Hanover Township, Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the New Hanover Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note #2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Hanover Township, Pennsylvania, as of December 31, 2017, and respective changes in the modified cash basis financial position; and, when applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note #2.

Basis of Accounting

We draw attention to Note #2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matter

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise New Hanover Township, Pennsylvania's basic financial statements. The budgetary comparison information and pension plans schedules of funding progress and employer contributions on pages 26 and 27, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Bechtelsville, Pennsylvania
November 29, 2018

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
December 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash & Investments	\$ 5,258,813	\$ 5,728,479	\$ 10,987,292
Due From Developers	148,149	0	148,149
Other Receivables	8,800	158,744	167,544
Note Receivable - Sewer Fund	140,000	0	140,000
Due From Other Funds	2,064,982	36,088	2,101,070
Property & Equipment - Net	0	37,323,618	37,323,618
TOTAL ASSETS	<u>7,620,744</u>	<u>43,246,929</u>	<u>50,867,673</u>
LIABILITIES			
Due To Other Funds	394,441	1,717,477	2,111,918
Accounts Payable	0	10,750	10,750
Payroll Withholdings	580	0	580
Sewer Revenue Notes Payable	0	6,384,000	6,384,000
Note Payable - General Fund	0	140,000	140,000
TOTAL LIABILITIES	<u>395,021</u>	<u>8,252,227</u>	<u>8,647,248</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	0	30,939,617	30,939,617
Restricted For:			
Capital Improvements to Sewer Plant	0	1,853,648	1,853,648
State Highway Aid	78,479	0	78,479
Fire Protection	26,846	0	26,846
Traffic Impact	2,093,718	0	2,093,718
Recreation	246,850	0	246,850
Open Space	949,955	0	949,955
Capital Projects	1,104,644	0	1,104,644
Technology	13,500	0	13,500
Unrestricted	2,711,731	2,201,437	4,913,168
TOTAL NET POSITION	<u>\$ 7,225,723</u>	<u>\$ 34,994,702</u>	<u>\$ 42,220,425</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended December 31, 2017

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants & Contributions
PRIMARY GOVERNMENT			
Governmental Activities:			
General Government	\$ (725,375)	\$ 300,516	\$ 3,331
Public Safety			
Police	(1,536,226)	80,548	14,541
Fire	(315,116)	0	77,399
Ambulance	(4,500)	0	0
Code Enforcement, Planning & Zoning	(318,284)	196,631	0
Public Work - Recycling	(7,250)	0	0
Public Works - Highway & Street	(1,675,886)	49,341	460,006
Culture & Recreation	(234,528)	91,238	12,573
Debt Service - Principal & Interest	(207,262)	0	0
Employer Benefits - Pension	(209,008)	0	169,765
Insurance	(41,122)	0	0
Miscellaneous	(23,560)	137,006	5,516
Total Governmental Activities	(5,298,117)	855,280	743,131
Business-type Activities			
Sewer Fund	(2,153,359)	2,453,291	0
TOTAL PRIMARY GOVERNMENT	\$ (7,451,476)	\$ 3,308,571	\$ 743,131

General Revenues

Taxes:

Property Taxes

Earned Income Taxes

Other Taxes

Investment Earnings

Total General Revenues

CHANGE IN POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

The Accompanying Notes are an Integral Part of the Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities (Modified Cash Basis)	Business-type Activities (Modified Cash Basis)	TOTAL
\$ (421,528)		\$ (421,528)
(1,441,137)		(1,441,137)
(237,717)		(237,717)
(4,500)		(4,500)
(121,653)		(121,653)
(7,250)		(7,250)
(1,166,539)		(1,166,539)
(130,717)		(130,717)
(207,262)		(207,262)
(39,243)		(39,243)
(41,122)		(41,122)
118,962		118,962
<u>(3,699,706)</u>		<u>(3,699,706)</u>
	\$ 299,932	299,932
1,188,205	0	1,188,205
2,560,701	0	2,560,701
452,817	0	452,817
53,400	0	53,400
<u>4,255,123</u>	<u>0</u>	<u>4,255,123</u>
555,417	299,932	855,349
<u>6,670,306</u>	<u>34,694,770</u>	<u>41,365,076</u>
<u>\$ 7,225,723</u>	<u>\$ 34,994,702</u>	<u>\$ 42,220,425</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2017

	SPECIAL REVENUE			
	General Fund	State Highway Aid	Fire Protection Tax	Transportation Impact
ASSETS				
Cash & Investments	\$ 1,083,282	\$ 80,261	\$ 221,643	\$ 1,748,206
Due From Developers	148,149	0	0	0
Other Receivables	8,800	0	0	0
Note Receivable - Sewer Fund	140,000	0	0	0
Due From Other Funds	1,381,668	0	0	345,512
TOTAL ASSETS	\$ 2,761,899	\$ 80,261	\$ 221,643	\$ 2,093,718
LIABILITIES				
Due To Other Funds	\$ 36,088	\$ 1,782	\$ 194,797	\$ 0
Payroll Withholdings	580	0	0	0
TOTAL LIABILITIES	36,668	1,782	194,797	0
FUND BALANCES				
Restricted For:				
State Highway Aid	0	78,479	0	0
Fire Protection	0	0	26,846	0
Traffic Impact	0	0	0	2,093,718
Recreation	0	0	0	0
Open Space	0	0	0	0
Capital Projects	0	0	0	0
Technology	13,500	0	0	0
Unrestricted	2,711,731	0	0	0
TOTAL FUND BALANCES	2,725,231	78,479	26,846	2,093,718
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,761,899	\$ 80,261	\$ 221,643	\$ 2,093,718

The Accompanying Notes are an Integral Part of the Financial Statements.

FUNDS		CAPITAL PROJECTS FUNDS			
Recreation	Total Special Revenue Funds	Open Space	Capital & Road Machinery	Total Capital Projects Funds	Total Governmental Funds
\$ 332,349	\$ 2,382,459	\$ 612,153	\$ 1,180,919	\$ 1,793,072	\$ 5,258,813
0	0	0	0	0	148,149
0	0	0	0	0	8,800
0	0	0	0	0	140,000
0	345,512	337,802	0	337,802	2,064,982
<u>\$ 332,349</u>	<u>\$ 2,727,971</u>	<u>\$ 949,955</u>	<u>\$ 1,180,919</u>	<u>\$ 2,130,874</u>	<u>\$ 7,620,744</u>
\$ 85,499	\$ 282,078	\$ 0	\$ 76,275	\$ 76,275	\$ 394,441
0	0	0	0	0	580
<u>85,499</u>	<u>282,078</u>	<u>0</u>	<u>76,275</u>	<u>76,275</u>	<u>395,021</u>
0	78,479	0	0	0	78,479
0	26,846	0	0	0	26,846
0	2,093,718	0	0	0	2,093,718
246,850	246,850	0	0	0	246,850
0	0	949,955	0	949,955	949,955
0	0	0	1,104,644	1,104,644	1,104,644
0	0	0	0	0	13,500
0	0	0	0	0	2,711,731
<u>246,850</u>	<u>2,445,893</u>	<u>949,955</u>	<u>1,104,644</u>	<u>2,054,599</u>	<u>7,225,723</u>
<u>\$ 332,349</u>	<u>\$ 2,727,971</u>	<u>\$ 949,955</u>	<u>\$ 1,180,919</u>	<u>\$ 4,109,198</u>	<u>\$ 7,620,744</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
December 31, 2017

	General Fund	SPECIAL REVENUE		
		State Highway Aid	Fire Protection Tax	Transportation Impact
REVENUES				
Real Estate Taxes	\$ 743,336	\$ 0	\$ 218,939	\$ 0
Act 511 Taxes	2,432,897	0	0	0
License, Permits, & Fines	336,543	0	0	0
Interest & Rents	35,822	221	134	11,276
Intergovernmental	267,221	460,006	0	0
Charges For Service	224,717	0	0	0
Special Assessments	0	0	0	49,341
Contributions	0	0	0	0
Other	44,937	0	0	0
TOTAL REVENUES	4,085,473	460,227	219,073	60,617
EXPENDITURES				
General Government	725,375	0	0	0
Public Safety				
Police	1,536,226	0	0	0
Fire	101,883	0	213,233	0
Ambulance	4,500	0	0	0
Code Enf., Planning, Zoning	318,284	0	0	0
Public Works - Recycling	7,250	0	0	0
Public Works - Highway & Street	1,050,688	447,291	0	101,937
Culture & Recreation	22,614	0	0	0
Debt Service - Principal & Interest	0	0	0	0
Employer Benefits - Pension	201,584	0	0	0
Insurance	41,122	0	0	0
Miscellaneous	23,560	0	0	0
TOTAL EXPENDITURES	4,033,086	447,291	213,233	101,937
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	52,387	12,936	5,840	(41,320)
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	0	0
Transfers (Out)	(35,000)	0	0	0
TOTAL FINANCING SOURCES (USES)	(35,000)	0	0	0
NET CHANGE IN FUND BALANCES	17,387	12,936	5,840	(41,320)
FUND BALANCES - BEGINNING	2,707,844	65,543	21,006	2,135,038
FUND BALANCES - ENDING	\$ 2,725,231	\$ 78,479	\$ 26,846	\$ 2,093,718

The Accompanying Notes are an Integral Part of the Financial Statements.

F U N D S		CAPITAL PROJECTS FUNDS				Total	
Recreation		Total Special Revenue Funds	Open Space	Capital & Road Machinery	Total Capital Projects Funds	Total Governmental Funds	
\$	113,005	s 331,944	\$ 0	\$ 112,925	\$ 112,925	\$	1,188,205
	0	0	580,621	0	580,621		3,013,518
	0	0	0	0	0		336,543
	21,052	32,683	568	20,804	21,372		89,877
	0	460,006	0	0	0		727,227
	71,196	71,196	0	0	0		295,913
	0	49,341	0	0	0		49,341
	2,667	2,667	0	9,906	9,906		12,573
	0	0	0	95,400	95,400		140,337
	<u>207,920</u>	<u>947,837</u>	<u>581,189</u>	<u>239,035</u>	<u>820,224</u>		<u>5,853,534</u>
	0	0	0	0	0		725,375
	0	0	0	0	0		1,536,226
	0	213,233	0	0	0		315,116
	0	0	0	0	0		4,500
	0	0	0	0	0		318,284
	0	0	0	0	0		7,250
	0	549,228	0	75,970	75,970		1,675,886
	163,930	163,930	0	47,984	47,984		234,528
	0	0	207,262	0	207,262		207,262
	7,424	7,424	0	0	0		209,008
	0	0	0	0	0		41,122
	0	0	0	0	0		23,560
	<u>171,354</u>	<u>933,815</u>	<u>207,262</u>	<u>123,954</u>	<u>331,216</u>		<u>5,298,117</u>
	36,566	14,022	373,927	115,081	489,008		555,417
	35,000	35,000	0	0	0		35,000
	0	0	0	0	0		(35,000)
	<u>35,000</u>	<u>35,000</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
	71,566	49,022	373,927	115,081	489,008		555,417
	175,284	2,396,871	576,028	989,563	1,565,591		6,670,306
	<u>\$ 246,850</u>	<u>\$ 2,445,893</u>	<u>\$ 949,955</u>	<u>\$ 1,104,644</u>	<u>\$ 2,054,599</u>		<u>\$ 7,225,723</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
December 31, 2017

	Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash & Cash Equivalents	\$ 5,728,479
Receivables - Connection Fees	103,459
Receivables - Front Footage Assessments	23,198
Receivables - Other	32,087
Due From Other Funds	36,088
Total Current Assets	<u>5,923,311</u>
CAPITAL ASSETS	
Property & Equipment - Net	<u>37,323,618</u>
TOTAL ASSETS	<u>43,246,929</u>
LIABILITIES	
CURRENT LIABILITIES	
Current Portion of General Obligation & Guaranteed Revenue Notes	502,000
Current Portion of Note Payable - General Fund	70,000
Accounts Payable	10,750
Due To Other Funds	1,717,477
Total Current Liabilities	<u>2,300,227</u>
NONCURRENT LIABILITIES	
Sewer Revenue Notes Payable, Net of Current Portion	5,882,000
Note Payable - General Fund, Net of Current Portion	70,000
Total Noncurrent Liabilities	<u>5,952,000</u>
TOTAL LIABILITIES	<u>8,252,227</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	30,939,617
Restricted for Capital Improvements	1,853,648
Unrestricted	2,201,437
TOTAL NET POSITION	<u><u>\$ 34,994,702</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
Year Ended December 31, 2017

	Sewer Fund
OPERATING REVENUES	
Sewer Rentals	\$ 1,969,263
Sewer Construction Design Fees	4,500
Sewer Conveyance Line Fees	11,040
Tapping Fees	317,088
Sewer Flushing Fees	115,750
Miscellaneous Income	11,090
	<u>2,428,731</u>
OPERATING EXPENSES	
Administrative	311,878
Legal	49,917
Engineering	109,805
Professional Fees	15,418
Buildings & Plant	256,932
Sewage Disposal Operations	515,012
Insurance	18,926
Depreciation	759,303
	<u>2,037,191</u>
TOTAL OPERATING EXPENSES	<u>2,037,191</u>
OPERATING INCOME	<u>391,540</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	14,560
Interest Expense - Notes	(116,168)
Refund of Prior Year Expenditures	10,000
	<u>10,000</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(91,608)</u>
CHANGE IN NET POSITION	299,932
NET POSITION - BEGINNING	<u>34,694,770</u>
NET POSITION - ENDING	<u><u>\$ 34,994,702</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
Year Ended December 31, 2017

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 2,428,731
Cash Payments to Suppliers for Goods and Services	(814,084)
Cash Payments to Employees for Services	(453,054)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,161,593</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition & Construction of Capital Assets	(1,175,868)
Cash Paid for Principal Payments on Notes	(562,000)
Cash Received on Note	2,000,000
Interest Paid on Notes	(116,168)
Net Borrowings From Other Funds	1,677,404
Payments Received for Connection Fees	20,716
NET CASH PROVIDED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,844,084</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	14,560
Refund of Prior Year Expenditures	10,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>24,560</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,030,237
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,698,242</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,728,479</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 391,540
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities - Depreciation	759,303
Changes in Assets & Liabilities	
Increase (Decrease) in Accounts Payable	10,750
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ 1,161,593</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
December 31, 2017

	Police Pension Fund	Non-Uniformed Pension Fund	TOTAL Pension Trust Funds	Agency Escrow Fund
ASSETS				
Cash & Investments	\$ 3,352,884	\$ 4,092,880	\$ 7,445,764	\$ 813,321
Due From Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,378</u>
TOTAL ASSETS	<u>3,352,884</u>	<u>4,092,880</u>	<u>7,445,764</u>	<u>847,699</u>
LIABILITIES				
Funds Held In Escrow	0	0	0	833,961
Due To Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,530</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>	<u>0</u>	<u>857,491</u>
NET POSITION				
Unrestricted	0	0	0	(9,792)
Net Position Held In Trust For Pension Benefits	<u>3,352,884</u>	<u>4,092,880</u>	<u>7,445,764</u>	<u>0</u>
TOTAL NET POSITION	<u><u>\$ 3,352,884</u></u>	<u><u>\$ 4,092,880</u></u>	<u><u>\$ 7,445,764</u></u>	<u><u>\$ (9,792)</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
STATEMENT OF CHANGES IN NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
For the Year Ended December 31, 2017

	Police Pension Fund	Non-Uniformed Pension Funds	TOTAL Pension Trust Funds	Agency Escrow Fund
ADDITIONS				
Contributions				
Commonwealth of PA	\$ 91,765	\$ 78,000	\$ 169,765	\$ 0
Township	45,009	19,681	64,690	
Employees'	50,569	0	50,569	0
Interest	95,281	121,119	216,400	563
Net Unrealized Gains	332,534	426,431	758,965	0
Miscellaneous Income			0	1,262
TOTAL ADDITIONS	615,158	645,231	1,260,389	1,825
DEDUCTIONS				
Benefit Payments	65,231	138,403	203,634	0
Administrative Expenses	18,608	21,752	40,360	0
Judgements & Losses	0	0	0	8,383
Legal	0	0	0	319
Engineering	0	0	0	1,915
Refund of Prior Year Revenues	0	0	0	1,000
TOTAL DEDUCTIONS	83,839	160,155	243,994	11,617
CHANGE IN NET POSITION	531,319	485,076	1,016,395	(9,792)
TOTAL NET POSITION - BEGINNING	2,821,565	3,607,804	6,429,369	0
TOTAL NET POSITION - ENDING	<u>\$ 3,352,884</u>	<u>\$ 4,092,880</u>	<u>\$ 7,445,764</u>	<u>\$ (9,792)</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

Note #1 - Organization and Nature of Activities

New Hanover Township, Montgomery County, Pennsylvania, is a Second-Class Township, created in 1741. The Township is governed by five elected Supervisors who serve a six-year term. The Supervisors have the power to establish policies to be carried out by the Township. The Board of Supervisors manages the Township with the assistance of a Township Manager who is appointed. The Township's major sources of revenue include real estate and local enabling taxes.

Reporting Entity

In evaluating the Township as a reporting entity, management has addressed all potential component units for which the Township may or may not be financially accountable, and as such, be includable within the Township's financial statements. The Township is financially accountable if it appoints a voting majority of the organization governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burden on the Township. These financial statements include the departments and other organizational units over which the Board of Supervisors exercise oversight responsibility, including general government, police protection, recreation, public works and the Sewer Authority.

In reviewing the criteria for inclusion in the financial statements, the Township considered the following:

- The Tax Collector is an elected officer who collects taxes on behalf of the Township, the Montgomery County and the Boyertown Area School District. The Township regards the Tax Collector's office as a separate entity and, therefore, does not account for its activity in the financial statements.
- New Hanover Volunteer Fire & Rescue Services and Gilbertsville Area Community Ambulance Services receive contributions from the Township. However, the majority of revenues generated are through private fundraisers under the direction of a separate independent board not appointed by the Supervisors. The Fire Department and Ambulance are organized under separate charters and, therefore, are not included in the financial statements.
- The New Hanover Township Authority is a separate legal entity. The Township Supervisors appoint the members of the Authority's Board and the Township has the ability to impose its will on the Authority. The activity of the Authority is included in these financial statements under the Sewer Fund.

Note #2 - Significant Accounting Policies

Basis of Accounting

The Township prepared these financial statements using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis.

Fund Financial Statements

The underlying accounting system of the Township is organized and operated on the basis of separate funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #2 - Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

General Fund

This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax receipts and other source of receipts used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds

These funds are established to account for the cash receipts of specific sources other than expendable trust or major capital projects that are legally restricted to disbursements for specific purposes. The assets of these funds are in separate bank accounts and can only be used for the purpose designated for that fund. The Township cannot use these assets for general operating expenses; they are only to be used to support the original purpose of the fund. The Township's special revenue funds includes the following:

State Highway Aid Fund – This fund is used to account for the proceeds from the State Motor License Fund. Expenditures are legally restricted to expenditures for highway purposes in accordance with Department of Transportation regulations. This fund must be kept separate from all other funds and no other funds shall be comingled with this fund.

Fire Protection Fund – This fund is used to account for the financial resources (real estate taxes 0.31 mills) to be used for fire protection.

Transportation Impact Fund – This fund is used to account for traffic impact fee studies related to new developments or zoning changes.

Recreation Fund – This fund accounts for the financial resources (real estate tax 0.16 mills) and charges for services to be used for the parks, pool and recreation activities and special events for the community of the Township.

Capital Projects Fund

These funds account for the financial resources to be used for the acquisition or construction of land and capital outlays.

Open Space Fund – This fund accounts for the financial resources (local earned income tax 0.15%) to be used for the acquisition of land to be preserved by the Township.

Capital Road & Machinery Fund – This fund accounts for the financial resources (real estate tax 0.16 mills) to be used for the acquisition or construction of capital outlays.

Proprietary Fund

This fund is used for business-like activities. Enterprise funds provide goods and services to the general public for a fee.

Sewer Fund – This fund accounts for the sanitary sewer revenues, operations of the sanitary sewer system, including personnel to operate the sanitary sewer system and sending sewer bills for the sanitary sewer system.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #2 - Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

These funds account for assets held in a trustee capacity, or as an agent for others and cannot be used to support the Township's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Police & Non-Uniformed Pension Funds - The Township is the trustee for its employees' pension plans. The Township cannot use these assets to finance operations.

Escrow Funds – These funds are used to account for assets held by the Township that are not available to support the Township's own programs.

Budget Policy

The Board of Supervisors annually adopts the budget for the General and Other Funds of the Township. Budgetary control is legally maintained at the fund level. The Township's budget policy provides transfer authority to the Supervisors within and between categories as long as the total budget of the Township (net of interfund transfers) is not increased. All budget amounts presented in the accompanying financial statements and additional information have been adjusted for legally authorized revisions to the annual budgets during the year.

Cash & Investments

The Township considers cash on hand, checking and money market accounts as cash.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

Unrestricted Assets

These assets of the Township are not restricted for any project or other purpose.

Spending Policy

The Township does not have a formal fund balance policy regarding the use of restricted resources; therefore, the default policy from the government accounting standards will be used. Any disbursement incurred for a purpose in which restricted and unrestricted fund balance amounts are available are satisfied through restricted fund balance amounts before unrestricted fund balance amounts.

Minimum Fund Balance Policy

The Township has not formally adopted a minimum fund balance policy or have any formal stabilization arrangements in place.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #2 - Significant Accounting Policies (Continued)

Real Estate Tax Calendar

Property taxes are levied on March 1 and are payable on or before June 30. The tax levy ordinance for the 2017 calendar year levied taxes on March 1, 2017 at 1.68 mills for general (1.05 mills); fire protection (0.31 mills); road machinery (0.16 mills); and recreation (0.16 mills) purposes. Taxes paid prior to April 30 are payable at a 2% discount, and taxes paid after June 30 are assessed a 10% penalty. Any unpaid taxes at the end of the year are required to be lien by January 15 with the County. The taxes are levied based on assessed values on property. Assessed values are an approximation of market value.

Date of Management's Review

Management has evaluated subsequent events through November 29, 2018, the date on which the financial statements were available to be issued.

Note #3 - Cash & Investments

The components of cash and investments, except for petty cash, are in interest-bearing accounts as follows at December 31, 2017:

Petty Cash	\$ 300
Township Deposits with BB&T Bank	7,571,220
Agency Escrow Deposits with BB&T Bank	813,321
Township Deposits with PLGIT	2,117,772
Township Certificates of Deposit	1,298,000
Pension Cash & Investments	<u>7,445,764</u>
Total	<u>\$19,246,377</u>
 Township Deposits	 \$10,987,292
Fiduciary Deposits	<u>8,259,085</u>
Total	<u>\$19,246,377</u>

Custodial Credit Risk

Bank balances are categorized to give an indication of the level of risk assumed by the Township at year-end. The categories are described as follows:

CATEGORY	DESCRIPTION
1	Insured or collateralized with securities held by the Township or its agent in the Township's name.
2	Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.
3	Uncollateralized.

At December 31, 2017, the carrying amount of the Township's bank deposits was \$10,986,992 and the bank balance was \$12,108,084, of which \$1,798,000 (Category 1) was directly covered by depository insurance. Under Act No. 72 of the 1971 Session of the Pennsylvania General Assembly, financial institutions were granted the authority to secure cash deposits of public bodies by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of depository insurance limits. The uninsured deposits (as defined by Statement No. 3 of the Governmental Accounting Standards Board) of the Township in the amount of \$10,310,084 (Category 3) at December 31, 2017 were collateralized by this pool of assets maintained by the Township's depository institutions.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #3 - Cash & Investments (Continued)

Custodial Credit Risk (Continued)

PLGIT is not registered with the Securities and Exchange Commission and is not subject to regulatory oversight. It acts like a money market mutual fund (net asset value of \$1 per share), is rated by a nationally recognized statistical organization, and is subject to an independent annual audit.

Restricted Cash

At December 31, 2017, \$6,367,640 of the Township's cash and investments were restricted (See Net Position Restrictions on the Statement of Net Position, page 4).

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note #4 - Interfund Receivables/Payables

Interfund receivables and payables exist as a result of the time lag between the dates when goods or services are provided and payments between funds are made. Interfund balances as of December 31, 2017 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$1,381,668	\$ 36,088
State Highway Aid Fund	0	1,782
Fire Protection Tax Fund	0	194,797
Transportation Impact Fund	345,512	0
Recreation Fund	0	85,499
Open Space Fund	337,802	0
Capital & Road Machinery Fund	0	76,275
Sewer Fund	36,088	1,717,477
Agency Escrow Fund	<u>34,378</u>	<u>23,530</u>
Total	<u>\$2,135,448</u>	<u>\$2,135,448</u>

Note #5 - Capital Assets – Business-Type Activities

Proprietary Funds record capital assets and depreciation expense. Capital assets are defined by the Authority (Sewer Fund) as assets with a useful life in excess of one year and an initial cost of \$5,000 or more and are recorded at historical cost. Depreciation of capital assets is computed on the straight-line method over the following estimated useful lives:

Sanitary Sewer System	50 - 110 years
Wastewater Treatment Plant	50 years
Vehicles	7 - 10 years
Equipment	5 - 15 years

Maintenance and repairs of capital assets are charged to operation and major improvements are capitalized. Authority (Sewer Fund) organization expenses (feasibility studies, planning studies, valuation of systems to be acquired, etc.) are considered to be a component of property and equipment. Upon retirement, sale or disposition of capital assets, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #5 - Capital Assets - *Business-Type Activities* (Continued)

Long-lived assets, other than those held for sale, are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Management has concluded that no impairment reserves are required as of December 31, 2017.

Construction in progress is stated at cost. Depreciation on construction in progress is computed on the straight-line method over the estimated useful lives of the assets when they are placed in service.

Capital assets of the Authority (Sewer Fund) at December 31, 2017 are as follows:

	Balance <u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Ending</u>
Land	\$ 2,743,421	\$ 0	\$ 0	\$ 2,743,421
Sanitary Sewer System	19,230,596	0	0	19,230,596
Wastewater Treatment Plant	25,431,803	0	0	25,431,803
Vehicles	76,683	35,000	0	111,683
Equipment	199,879	15,000	0	214,879
Construction-In-Progress	<u>72,089</u>	<u>1,125,868</u>	<u>0</u>	<u>1,197,957</u>
Total Capital Assets	47,754,471	1,175,868	0	48,930,339
Less: Accumulated Depreciation	<u>(10,847,418)</u>	<u>(759,303)</u>	<u>0</u>	<u>(11,606,721)</u>
Total Capital Assets, Net	<u>\$ 36,907,053</u>	<u>\$ 416,565</u>	<u>\$ 0</u>	<u>\$ 37,323,618</u>

Construction-In-Progress at December 31, 2017 includes \$1,197,957 for the Interceptor Project.

Note #6 - Long-Term Debt – *Business-Type Activities*

At December 31, 2017, long-term debt of the Authority (Sewer Fund) consisted of the following:

	Balance Outstanding 2016	Additions (Reduction)	Balance Outstanding 2017
General Obligation Note, Series of 1998, initial issue \$7,500,000, interest at 2.03% maturing in various amounts through 2027.	\$ 3,844,000	\$ (351,000)	\$ 3,493,000
Guaranteed Revenue Note, Series of 2002, initial issue \$2,500,000, interest at 1.72% maturing in various amounts through 2023.	1,032,000	(141,000)	891,000
Note Payable to the General Fund, to refund the General Obligation Bonds, Series of 1999, Principal payments of \$70,000 per year plus interest at 3%. Matures July 2019.	<u>210,000</u>	<u>(70,000)</u>	<u>140,000</u>
Balance Carried Forward	<u>\$ 5,086,000</u>	<u>\$ (562,000)</u>	<u>\$ 4,524,000</u>

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #6 - Long-Term Debt - *Business-Type Activities* (Continued)

Balance from Previous Page	\$ 5,086,000	\$ (562,000)	\$ 4,524,000
Guaranteed Revenue Note, Series of 2017, for the West Branch Interceptor Project, initial issue \$2,000,000, interest at 2.67%, maturing in various amounts through 2029.	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total	<u>\$ 5,086,000</u>	<u>\$ 1,438,000</u>	<u>\$ 6,524,000</u>

Aggregate debt service requirements of the Authority (Sewer Fund) are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 572,000	\$ 143,820	\$ 715,820
2019	581,000	131,966	712,966
2020	520,000	119,936	639,936
2021	531,000	109,830	640,830
2022	541,000	99,509	640,509
Thereafter	<u>3,779,000</u>	<u>331,123</u>	<u>4,110,123</u>
Total	<u>\$ 6,524,000</u>	<u>\$ 936,184</u>	<u>\$ 7,460,184</u>

Total interest paid on the notes in 2017 was \$116,168.

Note #7 - Long-Term Debt - *Governmental Activities*

At December 31, 2017, long-term debt of the Open Space Fund consisted of the following:

	<u>Balance Outstanding 2016</u>	<u>Additions (Reductions)</u>	<u>Balance Outstanding 2017</u>
General Obligation Note, Series 2011, for capital acquisitions in the Township, initial issue \$3,000,000, interest at 2.98% through February 2021, then an adjustable rate equal to (65%) of the Wall Street Journal Prime Rate not to exceed 4% & not less than 2.98%. Matures May 2031.	<u>\$ 846,442</u>	<u>\$ (184,083)</u>	<u>\$ 662,359</u>

Aggregate debt service requirements of the Open Space Fund are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 151,749	\$ 55,513	\$ 207,262
2019	156,322	50,940	207,262
2020	161,033	46,229	207,262
2021	151,504	55,758	207,262
2022	<u>41,751</u>	<u>1,670</u>	<u>43,421</u>
Total	<u>\$ 662,359</u>	<u>\$ 210,110</u>	<u>\$ 872,469</u>

Total interest paid on the note in 2017 was \$23,180.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #8 - Pension Plan

The Township administers and contributes to two defined benefit plans: a Police Pension plan for police officers and a Non-uniformed Pension plan for municipal employees of the Township. The plans are governed by the Board of Supervisors, who are responsible for the management of the plan assets. The Board of Supervisors has delegated the management of certain plan assets to an investment advisor. The assets of the Plans are invested separately, and each Plan's assets may be used only for the payment of benefits to the members of the Plans, in accordance with the terms of the Plans.

Plan Descriptions, Contribution Information, and Funding Policies

Plan Description

The New Hanover Township Police Pension Plan and New Hanover Township Non-Uniform Employees' (hired before June 1, 2016) Pension Plan are single-employer defined benefit pension plans that provide retirement, disability and death benefits to plan members and their beneficiaries. Plan provisions are established by Township ordinance with the authority for contributions required by Act 205 of the Commonwealth of Pennsylvania.

Police Pension Plan

The Township contributes to the New Hanover Township Police Pension Plan, which is a single-employer Public Employee Retirement System (PERS). All full-time members of the police force join the Plan upon completion of the first of the month coincident with or next following date of hire. Under the provisions of the Township's Pension Plan, pension benefits vest 100% after 12 years of service. Normal retirement is attained at the age of 55 and completion of 25 years of service. The normal retirement pension is payable monthly, equal to 50% of Final Average Salary (FAS), which is based on the last 3 years annualized salary, plus \$25 per month for each year of service beyond 25 years to a maximum of \$100 per month after 29 years. The Pension Plan also provides for death benefits and disability benefits to plan members and their beneficiaries. Member contributions for 2017 were 5% of compensation totaling \$50,569. The Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes.

Non-Uniformed Employees' Pension Plan

Defined Benefit Pension Plan

For employees hired *before June 1, 2016*, the Township contributes to the New Hanover Township Non-Uniform Employees' Pension Plan, which is a single employer Public Employee Retirement System (PERS). All employees become members of the Plan the first of the month coincident with or next following date of hire. Under the provisions of the Township's Pension Plan, pension benefits vest at 100% after 5 years. An employee may retire at age 60 and receive a monthly pension equal to 2% of FAS. The Pension Plan provides for death benefits and disability benefits to plan members and their beneficiaries. No member contributions are required. Benefit and contribution provisions are established by Pennsylvania law and may be amended only as allowed by Pennsylvania law.

Defined Contribution Plan

For employees hired *after June 1, 2016*, the Township provides employees with a Defined Contribution Pension Plan. The Township contributes 5% of an employee's regular wage. Normal retirement follows an employee's 60th birthday and employees will become fully vested following (5) years of service.

Basis of Accounting

The Pension Plan's accounting policies are the same as those described in Note #2.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #8 - Pension Plan (Continued)

Plan Descriptions, Contribution Information, and Funding Policies (Continued)

Plan Membership in the Defined Benefit Pension Plan

At January 1, 2017, the latest valuation dates, the Township pension plans' memberships consisted of:

	<u>Police</u>	<u>Non-Uniformed</u>
Active Employees	10	14
Retirees & Beneficiaries Receiving Benefits	3	10
Terminated Employees Entitled to Benefits but not yet Receiving them	<u>1</u>	<u>9</u>
Total Membership	<u>14</u>	<u>33</u>

Valuation of Investments

Pension plan investments are reported at fair value based on quoted market values. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Funding Status and Progress

The amount shown as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial accrued liability produced by the Entry Age Normal Actuarial Cost method. This method is used for plan funding and is allowed, in lieu of the standardized measure, for smaller municipalities. It is intended to help users assess the pension plans' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among PERS. The measure is independent of the actuarial funding method used to determine contributions to the PERS, discussed below. Administrative costs are financed through the plans' investment earnings.

Annual Pension Cost, Net Pension Obligation and Reserves

The police pension benefit obligation was determined as part of an actuarial valuation at January 1, 2017. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7% per year compounded annually, and (b) projected salary increases of 4% per year compounded annually.

The non-uniformed employees pension benefit obligation was determined as part of an actuarial valuation at January 1, 2017. Significant actuarial assumptions used include (a) a rate of return on the investments of present and future assets of 7% per year compounded annually, and (b) projected salary increases of 4% per year compounded annually.

Past Service Costs

There are no unfunded liabilities for either plan for past service costs.

Contributions Required

The pension plan funding policy provides for periodic employer contributions at *actuarially determined rates* that, expressed as percentages of annual covered payroll, are sufficient to accumulate suitable assets to pay benefits when due. Level percentage of payroll employer contribution rates is determined using the entry age normal actuarial funding method as required by Pennsylvania Act 205. The pension plan also uses a method defined by Act 205 to amortize the unfunded liability over a defined period. Total contributions to the Police and Non-Uniformed Pension Plans in 2017 amounted to \$136,774 and \$97,681, respectively, consisting of \$169,765 of State Aid and \$64,690 contributed by the Township.

NEW HANOVER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
December 31, 2017
(Continued)

Note #9 - Commitments and Contingencies

Commitments

Compensated Absences

Non-uniformed Township employees are entitled to vacation, sick leave and personal days. Up to (10) vacation days may be carried over into the next calendar year. Employees who have completed at least (1) year of continuous service, will receive pay for their unused vacation. If an employee terminates before their first year of employment, they will not receive any unused vacation. Sick leave may be accumulated up to a maximum of (30) days. Personal days must be used in the calendar year in which they are earned. The approximate value of accumulated Non-uniform vacation, compensatory time off and sick pay at December 31, 2017 is \$80,781. Sick leave above the allowable (30) days may be used for a lengthy illness providing a doctor's statement of such illness accompanies the request and with the approval of the Township Manager. The approximate value of accumulated sick leave for a lengthy illness at December 31, 2017 is \$183,607.

The Police Chief and Police are also entitled to vacation, compensatory time off and sick pay according to the Police Chief Contract and Police Contract. The Police Chief can carryover up to (2) days of vacation pay. The Police may not carry over vacation. The Police Chief cannot carry over sick leave, while the Police can carryover a maximum of 1,320 hours. The approximate value of accumulated Police Chief and Police vacation, compensatory time off and sick pay at December 31, 2017 is \$275,737.

Accumulated sick leave of an employee who retires from the Township will be compensated at 50% of the employee's hourly rate for all sick leave accumulated over 20 days (Non-uniform) and over 1,320 hours (Police). The approximate value at December 31, 2017 is \$97,924.

Contracts

The Township signed a contract for \$158,121 for Traffic Signal Installation at Swamp Pike and Sanatoga/Fegleysville Roads. As of December 31, 2018, \$121,673 remained on the contract.

The Township signed a contract for \$1,726,000 and approved change orders totaling \$336,691 for the West Branch Interceptor Upgrade. As of December 31, 2017, \$936,822 remained on the contract.

Contingencies

Litigation

It is the opinion of management that there are no material contingent liabilities due to any pending or threatened litigation claims, or assessments against the Township.

Note #10 - Stewardship, Compliance and Accountability

The Township had no material violations of finance-related legal and contractual provisions.

Note #11 -Risk Management

The Township is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Significant losses are covered by commercial insurance for all areas for which the Township retains risk of loss.

OTHER INFORMATION

NEW HANOVER TOWNSHIP
(UNAUDITED)
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND - MODIFIED CASH BASIS
December 31, 2017

	Original/ Final Budget	Actual	Variance
REVENUES			
Real Estate Taxes	\$ 739,000	\$ 743,336	\$ 4,336
Act 511 Taxes	2,220,500	2,432,897	212,397
License, Permits, & Fines	300,500	336,543	36,043
Interest & Rents	26,000	35,822	9,822
Intergovernmental	264,900	267,221	2,321
Charges For Service	200,200	224,717	24,517
Other	7,200	44,937	37,737
TOTAL REVENUES	<u>3,758,300</u>	<u>4,085,473</u>	<u>327,173</u>
EXPENDITURES			
General Government	727,188	725,375	-1,813
Public Safety			
Police	1,547,351	1,536,226	-11,125
Fire	113,000	101,883	-11,117
Ambulance	4,500	4,500	0
Code Enforcement, Planning, Zoning	393,763	318,284	(75,479)
Public Works - Recycling	6,000	7,250	1,250
Public Works - Highway & Street	1,024,818	1,050,688	25,870
Culture & Recreation	46,650	22,614	(24,036)
Employer Benefits - Pension	249,853	201,584	-48,269
Insurance	56,000	41,122	-14,878
Miscellaneous	1,000	23,560	22,560
TOTAL EXPENDITURES	<u>4,170,123</u>	<u>4,033,086</u>	<u>(137,037)</u>
EXCESS (DEFICIENCY) OF REVENUES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(411,823)	52,387	464,210
OTHER FINANCING SOURCES (USES)			
Transfers In	20,000	0	-20,000
Transfers (Out)	(35,000)	(35,000)	0
TOTAL FINANCING SOURCES (USES)	<u>(15,000)</u>	<u>(35,000)</u>	<u>(20,000)</u>
NET CHANGE IN FUND BALANCES	(426,823)	17,387	444,210
FUND BALANCES - BEGINNING	2,707,844	2,707,844	0
FUND BALANCES - ENDING	<u>\$ 2,281,021</u>	<u>\$ 2,725,231</u>	<u>\$ 444,210</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

**NEW HANOVER TOWNSHIP
(UNAUDITED)
PENSION PLANS SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
December 31, 2017**

Funded Status and Funding Progress

Police Pension Plan

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
2007	1,256,096	1,303,222	96.38%	47,126	599,328	(7.86%-)
2009	1,236,287	1,634,697	75.63%	398,410	741,385	(53.74%-)
2011	1,547,144	1,964,518	78.75%	417,374	653,731	(63.84%-)
2013	1,786,012	2,527,174	70.67%	741,162	Not Available	(0.00%-)
2015	2,355,330	2,818,942	83.55%	463,612	825,444	(56.16%-)
2017	2,814,119	2,932,598	95.96%	118,479	942,842	(12.56%-)

Non-Uniformed Employees Pension Plan

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded AAL (UAAL) (2)-(1)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4)/(5)
2007	1,509,760	1,628,891	92.69%	119,131	745,390	15.98%
2009	1,594,886	1,992,329	80.05%	397,443	895,208	44.40%
2011	2,069,834	2,266,403	117.35%	196,569	817,971	24.03%
2013	2,461,101	2,869,981	108.51%	408,880	Not Available	0.00%
2015	3,245,258	2,970,640	113.47%	(274,618)	753,503	(36.45%)
2017	3,613,210	3,200,966	113.47%	(412,244)	744,092	(55.40%)

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed	Pension Obligation (NPO)	Annual Required Contribution	Percentage Contributed	Pension Obligation (NPO)
2009	\$ 87,615	100%	-	\$ 169,711	100%	-
2010	\$ 107,905	100%	-	\$ 177,004	100%	-
2011	\$ 125,518	100%	-	\$ 165,792	109%	-
2012	\$ 99,743	100%	-	\$ 162,617	100%	-
2013	\$ 112,559	100%	-	\$ 173,536	100%	-
2014	\$ 116,466	224%	-	\$ 159,873	100%	-
2015	\$ 164,506	101%	-	\$ 147,968	100%	-
2016	\$ 164,884	100%	-	\$ 168,203	100%	-
2017	\$ 136,774	100%	-	\$ 97,681	100%	-